Consumer Confidence Survey

6/8/88 R4105-4

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

June 1988

CONFIDENCE AT 18-YEAR HIGH

The Conferene Board's measure of consumer confidence registered a smart gain in May. The Index (1985 = 100) now stands at 119.2, the strongest reading since late 1969. The series gained an impressive 3.5 points in May, following a comparably large improvement in April. Buying plans are also strong.

People were especially positive in their assessment of the present situation. There was a sturdy increase in those that considered business conditions to be "good," 31.7%, up from 28.3% previously. More persons also reported that jobs were "plentiful," 31% over 28 percent.

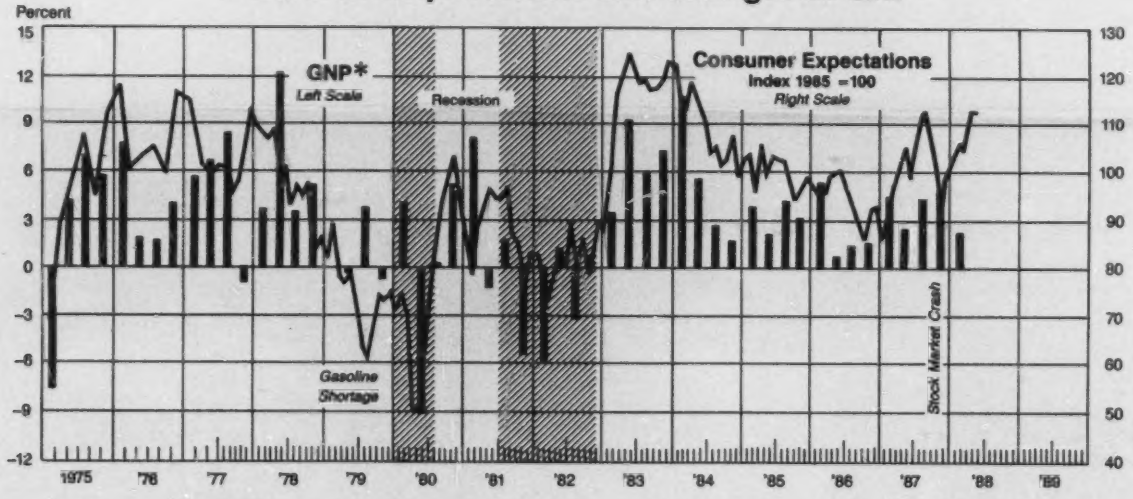
In looking ahead to the next six months, fewer respondents than last time now fear that business conditions will worsen—5.5%, down almost a full point from a month earlier (in November, following the financial crash, 12.4% of all survey participants expressed such concern). Slightly more persons than last time also expect more jobs to become available in the next six months. But there was also a gain in those that hold the reverse view. Also, slightly fewer people now expect their incomes will increase in the immediate future. On balance, consumer expectations remained unchanged. When ongoing conditions are regarded to be exceptionally good, expectations for further improvement tend to become somewhat more moderate.

Plans to buy a car over the next six months moved up from 9.1% in the previous survey to 9.4% in the latest probe, a very strong reading. Intentions to purchase a major appliance were reported by 35% of all those contacted. While this is the same figure as recorded last time, it also represents a very high level of buying intent. However, only 3% of all respondents indicated they would purchase a home in the coming months, down from 3.5% previously.

The steady and sturdy improvement in the consumer's spirits, despite the great financial fall of last October, attests to the increasing vigor of the economy. In recent months, the average workweek has been rising and hourly wages have also made good gains. At the same time, price increases have remained modest. This has added up to some fairly good gains in real earnings. Increased job security, with less unemployment, and more real buying power, with rising wage rates, clearly make for a more optimistic consumer.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households =100%

Business Employment Income

All series seasonally adjusted.	1987 *May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	1988 *Jan.*	*Feb.*	*Mar.*	*Apr.(r)*	*May(p)*
Composite Series: Index Numbers, 1985=100													
Consumer Confidence Index	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.7	115.7	119.2
Present Situation	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.5	120.2	128.9
Expectations	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.9	112.8	112.8
Appraisal of Present Situation: Percent													
Business Conditions													
Good	25.2	28.9	26.1	28.5	29.9	30.9	26.4	24.8	26.4	29.6	29.1	28.3	31.7
Bad	24.6	22.7	22.9	20.3	19.4	19.4	20.3	18.5	18.3	18.9	18.8	20.9	18.2
Normal	50.2	48.4	51.0	51.2	50.7	49.7	53.3	56.7	55.3	51.5	52.1	50.8	50.1
Employment													
Jobs plentiful	21.9	25.1	24.6	27.0	27.8	28.5	26.8	27.0	29.5	31.4	28.9	27.8	30.8
Jobs not so plentiful	47.9	44.3	46.1	45.3	46.1	47.4	47.0	49.4	44.8	45.9	47.0	48.1	45.1
Jobs hard to get	30.2	30.6	29.3	27.7	26.1	24.1	26.2	23.6	25.7	22.9	24.1	24.1	24.1
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.8	18.5	19.6	22.0	24.2	23.7	18.3	19.9	18.7	19.7	20.2	20.9	21.5
Worse	7.8	9.3	7.4	7.2	7.2	8.1	12.4	9.2	8.0	7.9	7.6	6.4	5.5
Same	71.4	72.2	73.0	70.8	68.6	68.2	69.3	70.9	73.3	72.4	72.2	72.7	73.0
Employment													
More jobs	17.7	16.1	17.5	20.1	20.9	19.3	15.5	16.8	16.2	16.7	15.8	18.2	18.7
Fewer jobs	14.1	16.0	14.6	15.3	14.2	13.8	19.1	16.6	15.6	14.4	14.0	11.9	12.9
Same	68.2	67.9	67.9	64.6	64.9	66.9	65.4	66.6	68.2	68.9	70.2	69.9	68.4
Income													
Increase	24.1	23.7	26.1	26.5	29.5	28.7	28.0	28.3	26.2	30.6	28.5	29.4	28.3
Decrease	6.6	7.4	6.6	7.5	5.8	7.3	9.1	8.4	6.3	6.5	6.7	6.0	6.3
Same	69.3	68.9	67.3	66.0	64.7	64.0	62.9	63.3	67.5	62.9	64.8	64.6	65.4
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.0	7.0	7.7	7.1	8.8	8.5	8.2	8.2	7.5	9.6	9.4	9.1	9.4
New	4.2	3.3	4.8	3.6	3.8	4.2	4.3	4.5	3.7	4.7	5.3	5.5	5.0
Used	3.6	3.1	2.1	2.9	3.5	3.0	2.8	3.0	3.0	3.5	3.3	3.1	3.2
Uncertain	1.2	0.6	0.8	0.6	1.5	1.3	1.2	0.7	0.8	1.4	0.8	0.5	1.2
Home													
Yes	4.1	3.3	3.6	4.1	3.9	3.9	3.7	3.5	3.8	5.0	4.7	3.5	3.0
New	1.3	0.9	0.8	1.4	1.2	1.1	1.0	0.8	1.3	1.6	1.7	1.1	1.0
Lived in	1.8	1.5	2.1	1.8	1.8	1.7	2.0	1.7	1.7	2.1	2.1	1.7	1.1
Uncertain	1.0	0.9	0.7	0.9	0.9	1.1	0.7	1.0	0.8	1.3	0.9	0.7	0.9
Major appliances													
Total plans	36.3	29.4	29.8	30.5	32.5	32.0	31.1	28.2	29.4	36.0	34.0	35.0	35.0
Refrigerator	5.6	4.7	4.6	4.5	5.1	4.7	4.3	4.1	5.0	5.8	5.4	5.3	5.6
Washing machine	4.8	3.9	4.4	4.1	5.4	4.8	4.4	3.3	4.1	5.4	4.4	5.3	4.8
TV Set	9.2	7.4	7.8	7.2	7.5	7.5	7.9	7.5	6.7	8.2	8.5	7.9	8.5
Vacuum Cleaner	6.4	4.6	4.8	5.0	5.6	5.3	5.6	5.5	4.6	5.9	5.9	5.6	6.1
Range	3.9	2.9	3.2	3.3	2.9	3.6	3.2	2.8	3.1	3.5	3.2	3.9	3.1
Clothes dryer	4.1	3.8	3.2	3.6	3.7	4.0	3.7	3.1	3.7	4.2	4.2	4.4	4.7
Air conditioner	2.3	2.1	1.8	2.8	2.3	2.1	2.0	1.9	2.2	3.0	2.4	2.6	2.2
Carpet	10.0	7.3	7.0	6.0	8.3	6.7	6.8	7.7	8.3	8.3	9.5	6.2	8.5
Vacation Intended Within Six Months: Percent*													
Vacation Intended		48.5		51.9		54.3		50.9		51.2		49.7	
Destination †													
U.S.		44.2		46.7		48.6		44.5		44.3		42.8	
Foreign country		6.6		7.0		7.9		8.2		8.9		9.3	
Means of travel													
Automobile		29.8		30.6		32.9		30.9		29.8		29.8	
Airplane		20.7		21.2		20.4		18.9		19.9		19.1	
Other		3.7		4.3		4.6		3.8		5.0		4.4	

(p)—preliminary (r)—revised

* All vacation plans data have been revised based on updated seasonal factors. Historical data are available on request.

† The U.S. and Foreign country series for December, 1987 and thereafter are not strictly comparable to earlier months.

Inflation Interest Rates Stock Prices

Not seasonally adjusted	1987 May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.(r)	May(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average			4.4	4.3	4.4	4.5	4.5	4.3	4.3	4.3	4.4	4.3	
Interest Rates													
Higher	71.6	64.8	63.9	73.9	75.0	55.2	58.5	58.9	49.9	58.9	58.0	65.8	
Same	18.3	25.4	24.0	18.4	17.2	22.8	24.1	24.9	25.7	27.6	27.6	24.0	
Lower	10.1	9.8	12.1	7.7	7.8	22.0	17.4	16.2	24.4	13.5	14.4	10.2	
Stock Prices													
Increase	43.6	46.3	45.5	41.4	39.9	34.1	31.1	36.0	36.6	46.9	38.7	39.6	
Same	34.9	36.9	33.0	31.4	31.0	27.0	28.6	31.0	33.6	34.6	33.6	33.9	
Decrease	21.5	16.8	21.5	27.2	29.1	38.9	38.3	33.0	29.8	18.4	27.7	26.5	

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers:1985 = 100	1987 May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.(r)	May(p)	Average: Mar., Apr., May 1987	1988	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	150.5	155.8	156.6	152.7	158.5	160.0	141.7	148.2	153.6	155.0	152.4	159.2	154.4	146.9	155.3	5.8
Present Situation	192.6	201.5	206.9	207.1	209.4	208.7	200.7	204.7	199.2	202.4	200.0	203.7	204.4	188.0	202.7	7.8
Expectations	122.5	125.4	123.0	116.5	124.6	127.6	102.3	110.6	123.2	123.4	120.6	129.6	121.0	119.4	123.7	3.6
MIDDLE ATLANTIC																
Consumer Confidence Index	98.8	104.6	113.5	107.0	117.9	124.0	101.5	108.8	114.5	114.8	122.0	123.6	122.6	99.0	122.7	24.0
Present Situation	109.4	123.4	130.5	121.5	139.9	152.2	127.5	137.3	142.4	136.2	143.9	142.9	148.1	103.3	145.0	40.4
Expectations	91.7	92.1	102.1	97.3	103.3	105.2	84.3	89.8	95.9	100.5	107.4	110.7	105.6	96.1	107.9	12.3
EAST NORTH CENTRAL																
Consumer Confidence Index	86.4	83.3	87.3	91.6	102.9	103.8	88.0	87.9	97.0	97.0	95.3	104.0	109.5	83.9	102.9	22.7
Present Situation	79.8	98.8	86.5	102.3	111.7	116.0	99.4	96.3	103.4	99.2	91.3	102.8	110.1	76.8	101.4	32.0
Expectations	90.8	73.0	87.9	84.5	97.0	95.6	80.4	82.3	92.8	95.6	97.9	104.7	109.1	88.6	103.9	17.3
WEST NORTH CENTRAL																
Consumer Confidence Index	77.6	78.3	70.1	75.8	92.2	89.6	73.7	71.5	89.6	98.2	87.6	99.1	87.2	68.5	91.3	33.3
Present Situation	54.0	72.8	55.5	59.1	91.5	94.8	77.2	74.9	77.8	84.8	69.4	82.9	88.8	44.3	80.3	81.4
Expectations	93.3	82.0	79.9	86.9	92.7	86.1	71.4	69.3	97.5	107.2	99.7	109.9	86.2	84.6	98.6	16.5
SOUTH ATLANTIC																
Consumer Confidence Index	135.5	125.5	134.7	136.7	141.2	147.6	131.2	131.3	133.9	137.7	136.7	138.7	140.9	133.1	138.7	4.3
Present Situation	154.3	147.4	156.9	162.1	168.8	176.1	168.6	164.8	161.7	163.2	165.3	161.9	169.9	155.5	165.7	6.5
Expectations	122.9	110.9	119.8	119.8	122.9	128.6	106.2	109.1	115.4	120.7	117.6	123.3	121.5	118.1	120.8	2.3
EAST SOUTH CENTRAL																
Consumer Confidence Index	86.9	88.0	87.6	93.7	94.8	98.2	90.1	100.9	98.6	114.9	109.8	96.8	113.6	90.0	106.8	18.6
Present Situation	71.8	78.0	74.5	71.6	78.0	89.3	87.3	93.9	82.0	103.5	94.0	79.1	98.4	68.8	90.5	31.5
Expectations	96.9	94.8	96.3	108.4	106.0	104.2	92.0	105.5	109.8	122.5	120.4	108.7	123.8	104.1	117.6	13.0
WEST SOUTH CENTRAL																
Consumer Confidence Index	65.7	70.5	71.2	77.3	82.6	78.3	70.1	68.7	74.9	81.7	69.7	75.3	77.1	62.7	74.0	18.0
Present Situation	13.4	23.6	19.6	26.2	28.3	26.1	28.5	27.7	26.5	33.0	20.1	22.6	35.0	13.3	25.9	94.9
Expectations	100.6	101.9	105.7	111.4	118.8	113.1	97.8	96.0	107.2	114.3	102.8	110.4	105.1	95.7	106.1	10.9
MOUNTAIN																
Consumer Confidence Index	86.1	83.8	74.8	84.2	102.8	101.4	76.4	85.7	84.5	82.4	94.6	87.5	96.7	80.2	92.9	15.9
Present Situation	55.6	58.4	49.6	60.0	82.6	93.4	67.5	76.1	54.4	66.6	77.8	57.5	80.3	49.9	71.9	43.9
Expectations	106.4	100.7	91.6	100.3	116.3	106.8	82.4	92.1	104.5	93.0	105.8	107.6	107.6	100.4	107.0	6.6
PACIFIC																
Consumer Confidence Index	106.5	112.3	114.7	124.0	125.1	125.3	125.5	121.2	125.2	135.2	125.2	121.1	123.5	106.2	123.3	16.1
Present Situation	112.9	133.2	132.2	147.1	149.0	151.4	152.1	148.2	140.0	157.3	150.7	135.2	147.3	106.4	144.4	35.7
Expectations	102.3	98.4	103.0	108.6	109.1	107.9	107.7	103.2	115.4	120.4	108.3	111.7	107.7	106.1	109.2	2.9

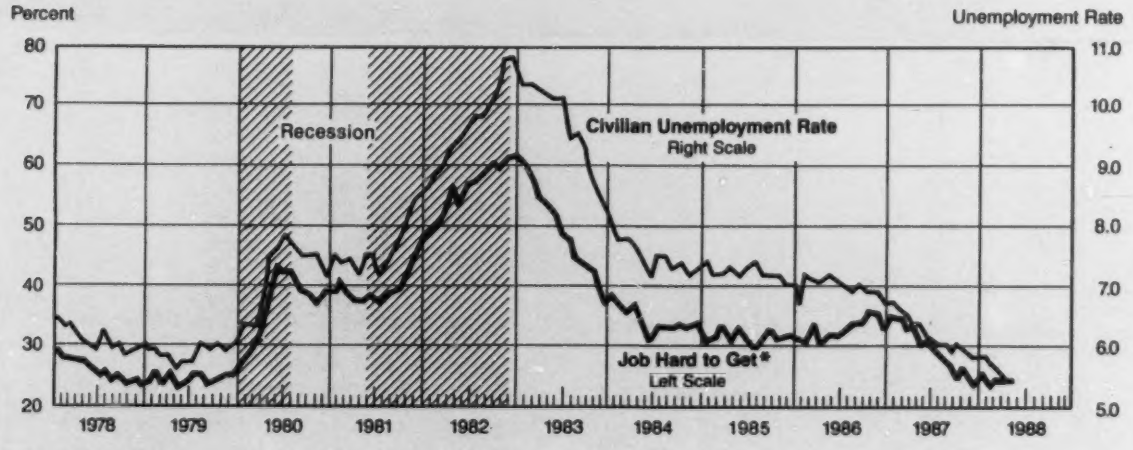
***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1987 May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.(r)	May(p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.7	115.7	119.2	4.5
Present Situation	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.5	120.2	128.9	0.9
Expectations	105.6	98.2	105.6	107.5	112.5	108.9	9[illegible].9	99.6	102.2	105.5	104.9	112.8	112.8	7.5
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	107.5	112.0	114.5	111.2	120.7	122.3	110.2	121.5	116.5	124.4	118.6	120.4	122.5	- 0.2
35-54	105.1	107.9	108.0	115.7	120.0	113.9	103.5	105.9	111.1	113.6	117.1	119.5	121.7	8.3
55 and over	93.8	87.1	93.8	102.7	102.5	107.2	86.7	95.6	99.1	104.6	98.7	104.4	111.7	5.2
Present Situation														
Under 35	99.1	115.8	111.4	116.9	126.3	130.6	123.0	130.6	126.5	137.8	128.0	127.1	129.4	- 2.6
35-54	100.6	115.0	108.7	121.6	128.2	123.6	114.4	118.3	122.5	128.4	131.9	124.5	132.2	5.2
55 and over	97.7	97.0	101.1	108.7	106.7	120.0	111.0	113.8	116.1	122.7	113.8	110.7	125.6	- 0.7
Expectations														
Under 35	113.1	109.4	116.6	107.4	117.0	116.7	101.6	115.6	109.7	115.4	112.3	116.0	118.0	1.7
35-54	108.1	103.2	107.6	111.8	114.4	107.4	96.2	97.7	103.6	103.9	107.4	116.4	114.8	10.9
55 and over	91.1	80.4	89.0	98.7	99.7	98.5	70.4	83.3	88.1	93.0	88.9	100.3	102.6	10.4
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	84.3	80.6	86.3	78.3	88.0	87.1	74.6	83.9	85.1	89.0	83.7	89.8	93.1	3.3
$15,000-24,999	99.0	98.5	92.6	100.4	106.2	113.8	97.8	103.4	106.0	116.7	107.6	109.8	111.0	0.7
$25,000 and over	115.4	117.9	123.4	130.3	131.8	128.6	114.7	120.6	122.7	126.8	127.5	129.7	135.0	6.0
Present Situation														
Under $15,000	66.5	76.2	79.3	74.9	77.4	82.5	74.9	77.6	74.7	80.1	74.8	78.8	87.6	3.8
$15,000-24,999	91.2	100.5	87.7	96.0	109.7	119.0	104.2	107.7	111.6	124.2	110.7	103.9	116.3	- 3.7
$25,000 and over	122.4	132.8	132.6	143.1	145.5	146.3	140.2	145.5	148.5	156.2	152.6	145.5	154.7	0.6
Expectations														
Under $15,000	96.4	83.6	91.2	80.7	95.5	90.5	74.4	88.6	91.3	93.7	88.7	97.0	96.9	3.3
$15,000-24,999	104.2	97.2	96.0	103.6	103.9	110.4	93.5	100.6	102.1	111.3	105.2	113.7	107.6	3.9
$25,000 and over	110.7	107.7	117.1	121.8	122.4	116.5	97.6	103.6	106.1	108.2	111.4	119.4	122.0	11.0

***Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

Consumer Assessment of Job Availability and Unemployment



* Percent of respondents reporting "job hard to get," Conference Board Consumer Confidence Survey.

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